

9

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

D-1 JOHN S. BENCHICK,

Defendant.

Case:2:13-cr-20453

Judge: Cleland, Robert H.

MJ: Komives, Paul J.

Filed: 06-13-2013 At 12:41 PM

INDI USA V JOHN S. BENCHICK (EB)

INDICTMENT

THE GRAND JURY CHARGES:

General Allegations

At all times pertinent to this Indictment:

1. **“Straw Buyer”** refers to an individual who, willingly or by trick, is recruited to obtain a mortgage in his or her name in order to purchase a house. A “straw buyer” often has decent credit, but is not otherwise qualified to purchase a house. In return for his or her services, the “straw buyer” is often paid a fee by the recruiter. In most instances, the “straw buyer” does not intend to live in the house or be responsible for the mortgage payments.
2. **Washington Mutual Bank** was a financial institution as defined in Title 18, United States Code, Section 20, whose deposits were insured by the Federal Deposit Insurance Corporation (FDIC).
3. **National City Mortgage** was a subsidiary of National City Bank, a financial institution as defined in Title 18, United States Code, Section 20, whose deposits were insured by the FDIC.

4. **Cobe and Associates, L.L.C.** was a Michigan limited liability company organized in 2003 with the resident agent name listed as “John Benchick” and with no stated business purpose.
5. **Stanley Irvin and Associates, Inc.** was a Michigan corporation incorporated in 1995 by defendant JOHN S. BENCHICK and his father J.I.B. This corporation was automatically dissolved in 2009.
6. **John Lee and Associates, Inc.** was a Michigan corporation incorporated in 1994 by defendant JOHN S. BENCHICK under the name “Hawaiian Tan Factory of Highland, Inc.” In 2002, defendant changed the corporation’s name to John Lee and Associates. This corporation was automatically dissolved in 2008.
7. J.I.B. is the father of defendant JOHN S. BENCHICK. H.B. is the mother of defendant JOHN S. BENCHICK. J.I.B. was a resident of the Eastern District of Michigan, Southern Division, until his death in 2010. H.B. was a resident and continues to reside in the Eastern District of Michigan, Southern Division.

**COUNT ONE**

*(18 U.S.C. §§1344 and 2 – Bank Fraud, Aiding and Abetting)*

**25 Sunset Bay Drive, Belleair, Florida**

8. Paragraphs 1 through 7, above, are hereby realleged and incorporated by reference.
9. From in or about March 2005, and continuing through in or about June 2007, in the Eastern District of Michigan, Southern Division, defendant JOHN S. BENCHICK, did knowingly and willfully execute, or aided and abetted others in executing, a scheme or artifice to defraud and to obtain money, funds, or other property owned by, or in the custody or control of, federally insured financial institutions by means of material false

and fraudulent pretenses, representations or promises, in violation of Title 18, United States Code, Section 1344.

10. On or about March 31, 2005, the property located at 25 Sunset Bay Drive, Belleair, Florida was purchased in the names of J.I.B. and H.B., the parents of defendant JOHN S. BENCHICK, for \$2.1 million. This purchase was financed by a \$1.68 million mortgage loan from AmSouth Bank. An additional \$500,000 mortgage loan was made by Wells Fargo Bank on October 19, 2005 using the same property as collateral.
11. On or about November 17, 2006, defendant JOHN S. BENCHICK arranged for the refinance of these mortgage loans through Washington Mutual Bank (WaMu). To complete this transaction, defendant BENCHICK caused a Uniform Residential Loan Application (URLA) in the name of his father J.I.B. to be submitted to WaMu. The URLA included material false information regarding the applicant's employment, income, occupancy, and assets.
12. The material false information contained in the URLA included, but was not limited to, the following:
  - A. The URLA stated that J.I.B. was using the property at 25 Sunset Bay Drive as his primary residence while in reality he had been living at an address in Garden City, Michigan for many years. He continued to live in Garden City until his death in 2010.
  - B. The URLA stated that J.I.B. was employed by Cobe and Associates for three years. He actually worked as a salesman at a cemetery until his retirement.
  - C. The URLA contained an inflated income figure for J.I.B., stating his income was \$99,999 per month (the equivalent of approximately \$1.2 million per year).

13. Based on these false material information, WaMu approved a refinance loan in the amount of \$2,925,000 in the names of J.I.B. and H.B. The mortgage documents were signed and notarized in Oakland County, Michigan.
14. The net cash to borrower from the above refinance loan was \$656,344 deposited in Charter One bank account ending in x5305 in the name of J.I.B. and H.B.
15. About a month later, on December 22, 2006, another \$350,000 mortgage was obtained on the same property in the name of J.I.B. and H.B. from National City Mortgage. The URLA for that second mortgage contained similar material false information concerning J.I.B.'s employment, residency, and income.
16. The net proceeds from the National City Mortgage loan amounted to \$344,946 and were also deposited in the same Charter One bank account ending in x5305.
17. All in violation of Title 18, United States Code, Section 1344.

**COUNT TWO**

*(18 U.S.C. §§1344 and 2 – Bank Fraud, Aiding and Abetting)*

**22080 Beck Road, Northville, Michigan**

18. Paragraphs 1 through 7, above, are hereby realleged and incorporated by reference.
19. From in or about September 2006, and continuing through in or about September 2008, in the Eastern District of Michigan, Southern Division, defendant JOHN S. BENCHICK, did knowingly and willfully execute, or aided and abetted others in executing, a scheme or artifice to defraud and to obtain money, funds, or other property owned by, or in the custody or control of, federally insured financial institutions by means of material false and fraudulent pretenses, representations or promises, in violation of Title 18, United States Code, Section 1344.

20. On or about September 29, 2006, defendant JOHN S. BENCHICK purchased the property located at 22080 Beck Road, Northville, MI. To complete this transaction, defendant applied for and obtained a \$1,469,300 mortgage loan from National City Mortgage in his own name.
21. A few months later, in May 2007, defendant JOHN S. BENCHICK transferred the above property to his mother, H.B., via a quit claim deed for \$1. Within approximately four months of that transfer, a refinance mortgage in the name of J.I.B. and H.B., parents of defendant BENCHICK, was fraudulently obtained from WaMu in the amount of \$1,950,000.
22. Within a few days, on September 10, 2007, most of the \$219,660 "cash to buyer" from this refinance mortgage loan was transferred to accounts controlled by defendant JOHN S. BENCHICK.
23. To obtain this refinance mortgage loan in the name of his parents, J.I.B. and H.B., defendant BENCHICK caused a URLA to be submitted to WaMu. This URLA included material false information regarding the applicant's employment, income, occupancy, and assets.
24. The material false information contained in the URLA included, but was not limited to, the following:
  - A. The URLA stated that H.B. was using the property at 22080 Beck Road as her primary residence, when in reality she had been living at an address in Garden City, Michigan for the last 45 years.
  - B. The URLA falsely stated H.B. was employed by Cobe and Associates. In actuality, H.B. was retired at the time of the application and did not work.

- C. The URLA contained an inflated income figure for H.B., stating her income was \$45,000 per month (the equivalent of approximately \$540,000 per year).
25. In September 2008, the above property went into foreclosure for lack of payments on the above mortgage loan from WaMu.
26. All in violation of Title 18, United States Code, Section 1344.

**COUNT THREE**

*(18 U.S.C. §§1344 and 2 – Bank Fraud, Aiding and Abetting)*

**22003 Beck Road, Northville, Michigan**

27. Paragraphs 1 through 7, above, are hereby realleged and incorporated by reference.
28. From on or about June 2007, and continuing through on or about September 2007, in the Eastern District of Michigan, Southern Division, defendant JOHN S. BENCHICK, did knowingly and willfully execute, or aided and abetted others in executing, a scheme or artifice to defraud and to obtain money, funds, or other property owned by, or in the custody or control of, federally insured financial institutions by means of material false and fraudulent pretenses, representations or promises, in violation of Title 18, United States Code, Section 1344.
29. On or about June 1, 2007, the property located at 22003 Beck Road, Northville, Michigan was purchased in the names of J.I.B. and H.B., the parents of defendant JOHN S. BENCHICK. This transaction was financed by a mortgage loan in the amount of \$2,480,000 from WaMu in the names of J.I.B. and H.I.B. The entire transaction was orchestrated by defendant JOHN S. BENCHICK.

30. Defendant BENCHICK caused to be submitted to WaMu a URLA in the name of his father J.I.B. This URLA included material false information regarding the applicant's employment, income, occupancy, and assets.
31. The material false information contained in the URLA included, but was not limited to, the following:
  - A. The URLA stated that J.I.B. would be using the property at 22003 Beck Road as his primary residence, when in reality he had been living at an address in Garden City, Michigan for many years. He continued to live in Garden City until his death in 2010.
  - B. The URLA falsely stated J.I.B. was employed by Cobe and Associates for 12 years. In actuality, he worked as a salesman at a cemetery until his retirement.
  - C. The URLA contained an inflated income figure for J.I.B., stating his income was \$95,000 per month (the equivalent of approximately \$1.14 million per year).
32. The majority of the proceeds from the above loan (\$292,837) was ultimately transferred to different bank accounts controlled by defendant JOHN S. BENCHICK.
33. All in violation of Title 18, United States Code, Section 1344.

**FORFEITURE ALLEGATIONS**

34. Pursuant to Fed.R.Cr.P. 32.2(a), the government hereby provides notice to the defendant of its intention to seek forfeiture of all proceeds, direct or indirect, or property traceable thereto; all property that facilitated the commission of the violations alleged, or property traceable thereto; and all property involved in, or property traceable thereto, of the violations set forth in this Indictment.

THIS IS A TRUE BILL.

/s/ Foreperson of the Grand Jury  
FOREPERSON OF THE GRAND JURY

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Dated: June 13, 2013



United States District Court  
Eastern District of Michigan

**Criminal Case Co**

Case:2:13-cr-20453

Judge: Cleland, Robert H.

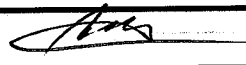
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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

**Reassignment/Recusal Information** This matter was opened in the USAO prior to August 15, 2008 [ ]

<b>Companion Case Information</b>	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) <sup>1</sup> :	Judge Assigned:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AUSA's Initials: 

Case Title: USA v. D-1 JOHN S. BENCHICK

County where offense occurred : Oakland and elsewhere

Check One: ☒ Felony ☐ Misdemeanor ☐ Petty

☒ Indictment/\_\_\_ Information --- no prior complaint.  
☐ Indictment/\_\_\_ Information --- based upon prior complaint [Case number: ]  
☐ Indictment/\_\_\_ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

**Superseding Case Information**

Superseding to Case No: \_\_\_\_\_ Judge: \_\_\_\_\_

- ☐ Original case was terminated; no additional charges or defendants.  
☐ Corrects errors; no additional charges or defendants.  
☐ Involves, for plea purposes, different charges or adds counts.  
☐ Embraces same subject matter but adds the additional defendants or charges below:

Defendant name

Charges

Prior Complaint (if applicable)

Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

June 13, 2013

Date

  
ABED HAMMOUD

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Attorney Bar #: P54908

<sup>1</sup> Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.